

## **EXHIBIT C**

Central Grocers, Inc.  
RULES AND REGULATIONS

*Effective March 2013*

*Amended and Restated By-Laws of Central Grocers, Inc . effective November 2012*

*Article XIII*

*The Board of Directors shall adopt, and may from time to time amend, Rules and Regulations with regard to transactions between the Company and its Members, Patrons and Customers. The Rules and Regulations shall set forth in a detailed manner such requirements as shall be deemed by the Board of Directors to be reasonable with regard to such matters as maintenance of Cash Deposits, minimum weekly purchases, payment of bills, delinquent accounts, cartage charges and general and administrative charges assessed against Members, Patrons and Customers, and such other matters deemed appropriate by the Board of Directors that are not inconsistent with the Articles of Incorporation or these By-laws.*

1. Patronage Rebate Calculations

- a. All rebateable income from operations of the Company in aggregate will be distributed to qualifying Members on a percentage basis calculating income divided by qualifying net rebateable sales by departments paid to following memberships:
  - i. Regular
  - ii. Associate
  - iii. Patron
- b. Rebateable sales (net of allowances) for the following departments warehoused and shipped from Central (with predetermined rebates) are as follows:
  - i. Grocery (non-refrigerated/shelf stable products)
  - ii. Frozen
  - iii. Perishables
  - iv. Produce (10%)
  - v. Ice Cream
  - vi. Service Deli
  - vii. Fresh Meat (4%)

c. Rebateable sales for drop ship and cross dock programs are as follows:

- i. Drop Ship – 1.25%
- ii. Supply Program - 1.25%
- iii. Milk Program – 1.00%
- iv. Service Deli and Eggs (Dutch Farms) – 0%
- v. Cigarettes – 0%
- vi. VMC Pharmacy – 0%

2. Purchase requirements for Membership class

- a. Regular or Associate Member per minimums set in current By-laws (November 2012).  
Patron – minimum of \$25,000 average weekly purchases and that owns at least one Retail Location whose aggregate average purchases from the Corporation exceed \$20,000 per week.
- b. Customer – No minimum average weekly purchase.
  - i. A 5% fee added on to the net invoice for all departments shipped from our warehouse (except service deli, produce, frozen meat and fresh meat).

3. "Good Standing"

- a. ACH payment terms are met.
- b. Loan repayment terms are met.
- c. Purchase deposit requirements are satisfied.
- d. Member has satisfied any "cure requirement".

4. Delinquent Account Rules

- a. All deliveries of product are immediately "held" until default ACH has been satisfied.
- b. Discontinuation of bill through programs, if necessary.
- c. A penalty 0.25% is assessed for an insufficient ACH.
- d. Greater than two insufficient ACH's in an 8 week period will require certified funds prior to any shipments. This also can be satisfied by a letter of credit. The cure period for this is 12 (twelve) weeks with no incidents before regular terms return.

5. Purchase Deposit Requirements

- a. New Member:
  - i. Full 1<sup>st</sup> week deposit required prior to shipping.
  - ii. ACH terms of 7 days until 2<sup>nd</sup> week deposit is satisfied.
  - iii. Must be fully deposited within one year.
- b. Existing Member:

- i. Full deposit requirement must be satisfied within two years. This rule contemplates that either 80% of Members vested "B" stock value (net of any outstanding Member loans) is sufficient, or consideration that the Members existing stores are fully deposited and acceptable ACH history.
- ii. This rule pertains to the "cash value" of the purchase deposit requirement and is in no regard tied to incentive vesting payment requirements.

6. Payment Terms

- a. Payment terms for Membership that is fully deposited or involved in an approved payment plan is 12 (twelve) days from Saturday's statement date. Payment terms of less than 12 (twelve) days can apply if not fully deposited.

7. Administrative Charges

- a. In order to fairly allocate general and administrative expenses to Members, a weekly general and administrative charge of \$100.00 will be charged to each Member store or delivery location for the following classes:
  - i. Regular Members
  - ii. Associate Members
  - iii. Patron Members
- b. A delivery location is defined as a retail or non-retail location which has minimally the potential of 26 deliveries per year and requires both a separate store number and separate statements and qualifies for patronage rebate.

8. Cartage Rates

- a. Cartage rates per attached schedule.

9. Departmental Mark-Ups

- a. Departmental mark-ups per attached schedule.

10. Requirements For Remaining In A Membership Classification

- a. Classification of Regular and Associate will remain once this classification is approved. The Member only needs to be in "good standing".
- b. Patron and Customer classification requires Member to remain in "good standing".

11. Diverting Of Company Promotional Funds

- a. Members are prohibited from intentionally diverting product to a third party that was purchased with funds that are accrued for the Membership.
- b. The Company reserves the right not to pay or chargeback the allowances.

- c. The Company has the right to limit on a fair and equal basis any purchase of promotional product.

12. Distribution

- a. The scheduling and assignment of delivery and pick-up days, times and routes will be decided by management with a view towards minimizing overall distribution expense. A reasonable effort shall be made to accommodate the requests of Members. Each Member is required to order merchandise on a regularly scheduled basis and observe order deadlines.

13. Litigation Expenses

- a. The Company shall be entitled to collect all expenses incurred in connection with collection efforts of amounts due from a Member if litigation is necessary, including court costs and attorney's fees.

14. Returns

- a. No merchandise will be picked up or accepted for credit by the Company unless the return has been properly authorized. Authorization shall be issued at the discretion of management upon satisfactory evidence that the merchandise was damaged or spoiled prior to receipt by the Member or the merchandise was not ordered by the Member to whom it was delivered.
- b. Merchandise shall not be accepted for return or credit, unless the same is in the original case as delivered without any store pricing or other store markings.
- c. It is the responsibility of each Member to immediately inspect all merchandise delivered to or picked up by it for damage or spoilage and to determine that same is consistent with its order. It is further the responsibility of each Member to report any damage, spoilage, or order discrepancy upon inspection. The Company shall have no obligation to accept for return or credit any merchandise claimed to be damaged or spoiled or any merchandise not ordered if such immediate report has not been given.
- d. In the event of delivery or pick-up of damaged or spoiled merchandise, that portion of a case which is salable shall be retained by the Member and only the unsalable units may be returned for credit.
- e. Damage claims for all merchandise billed through Drop Ship shall be adjusted by the Member directly with the vendor of the merchandise.

15. Reclamation

a. Qualifying items can be returned to the company for reclamation credit:

- i. The Company will maintain an "items not qualified for reclamation" list for the membership.
- ii. The purpose of reclamation is for credit on Members' unsalables due to leakage or damage.
- iii. Company software will be used to measure Member's purchases from the Company. The company will do a ten month look-back and allow for a credit up to 10% of those units only.
- iv. The Company will charge back any excessive amounts that exceed our regulations.
- v. Credit will be issued at a value equal to 50% of Central's suggested retail.